

# Educational Presentation: Tiered & Limited Provider Networks

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City of Boston – PEC Meeting

December 10, 2013

# Discussion Topics

- Tiered Networks
- Limited Networks
- Tier Development
- City of Boston Utilization

# Tiered Networks

A Provider Network in which a Carrier assigns Providers to different benefit tiers based on the Carrier's assessment of a Provider's relative cost and, where available, quality and in which members pay the cost-sharing (copayment, coinsurance or deductible) associated with a Provider's assigned benefit tiers.

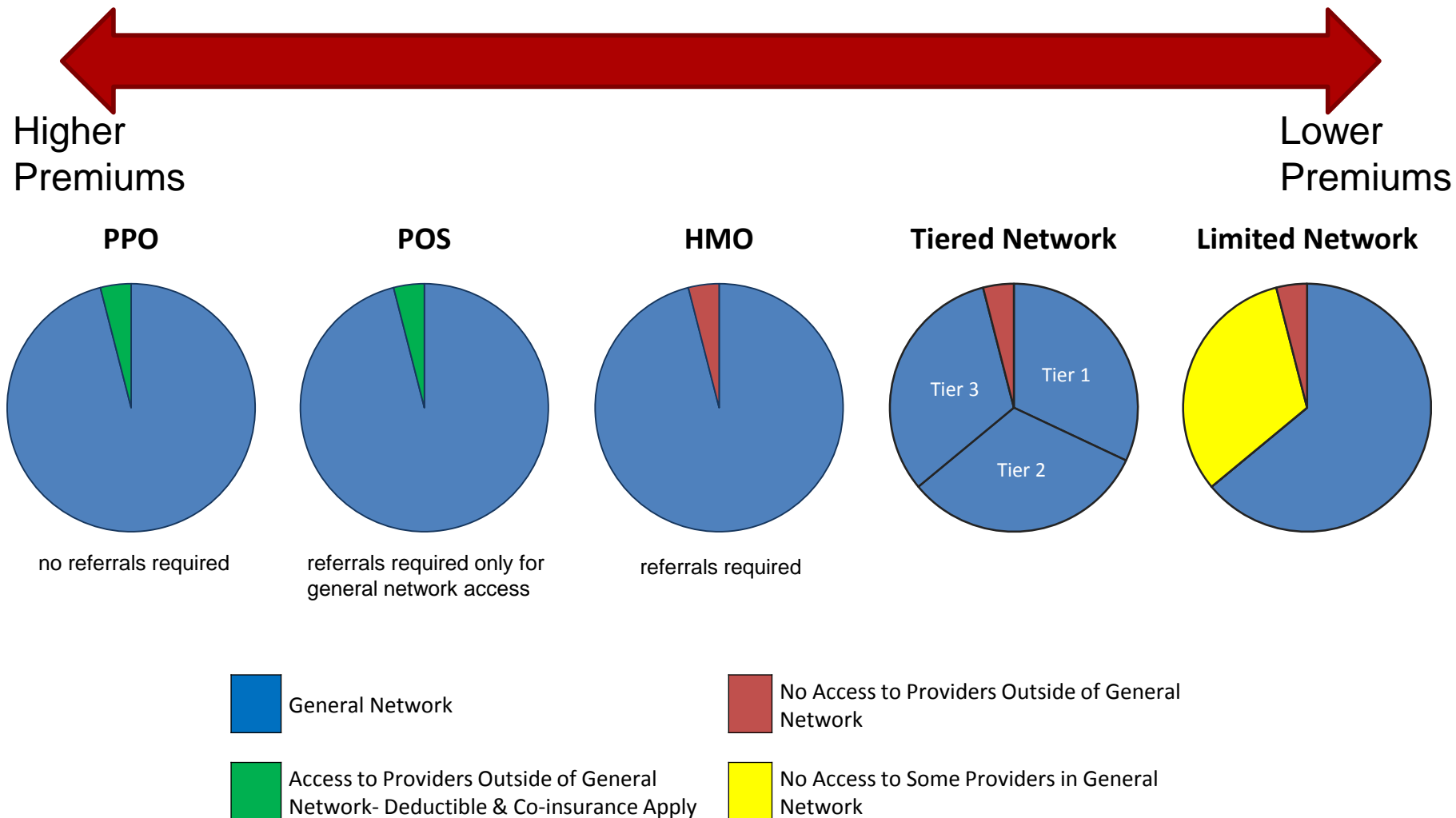
- Maintains member choice by including most providers
- Helps control health costs and promote use of high quality providers due to the co-pay structure of the tiers
  - Member is engaged as a consumer and is incentivized to choose providers on Tiers for which they pay a lower co-pay

# Limited Networks

A reduced or selective Provider Network, which is smaller than a Carrier's General Provider Network. The Providers who are excluded may be included in the Carrier's general network but upon assessment have been eliminated based on the Provider's relative cost and, where available, quality.

- Limits member choice by eliminating access to providers who the carrier has determined does not meet certain guidelines for quality and cost
- There is typically no coverage for non-emergent care from providers outside the network
- This plan is a good option for members who are already using providers in the limited network or who want to save money by choosing a plan for which they pay a lower premium and also have lower out-of-pocket expenses

# Network Design



# Tiered Networks - Example

Services eligible for tiering with example copays:

## Harvard Pilgrim HMO

<b>Deductible</b> ( <i>per calendar year</i> )	None
<b>Out of Pocket Maximum</b>	None
<b>Preventive Care Visits &amp; Health Screenings</b>	\$0 per visit
<b>Primary Care Provider Office Visits</b> (Medical/ Mental Health/ Substance Abuse)	\$15 per visit
<b>Specialist Physician Office Visit</b>	\$25 per visit
<b>Physical Therapy</b>	\$15 per visit for up to 90 consecutive days
<b>Inpatient Hospital Care</b> (Medical/ Mental Health/ Substance Abuse)	Covered in full
<b>Outpatient Surgery</b>	Covered in full
<b>High-Tech Imaging</b> (e.g., MRI, PET, CT scans)	Covered in full
<b>Emergency Room</b>	\$100 per visit (waived if admitted)
<b>Prescription Drugs</b>	<b>Retail up to 30-day supply:</b> Tier 1: \$10 Tier 2: \$25 Tier 3: \$45 <b>Mail Order up to 90-day supply</b> Tier 1: \$20 Tier 2: \$50 Tier 3: \$100

### PCP Office Visit

Tier 1: \$15 per visit  
Tier 2: \$25 per visit  
Tier 3: \$35 per visit

### Specialist Office Visit\*

Tier 1: \$25 per visit  
Tier 2: \$35 per visit  
Tier 3: \$45 per visit

### Inpatient Hospital Care\*\*

Tier 1: \$200 per admission  
Tier 2: \$400 per admission  
Tier 3: \$600 per admission

### Outpatient Surgery

Tier 1: \$75  
Tier 2: \$100  
Tier 3: \$125

\*Physical Therapy, Behavioral Health, Chiropractic care, etc. are treated as Tier 1

\*\*Behavioral Health/Substance Abuse inpatient admissions are treated as Tier 1

\*\*Hospital admissions through ER are treated as Tier 1

# Tier Assignments

Overall, providers are evaluated against a quality threshold, which most Boston area providers meet, so cost becomes the primary factor in determining tiers.

	ALL	HPHC	TUFTS	BCBS
Tier 1	Physicians/Hospitals who meet Quality Threshold with Low Cost			
	All Behavioral Health, non-medical providers (i.e. physical therapy, chiropractors), ER and ER related Hospital visits			
Tier 2	Physicians/Hospitals that meet Quality Threshold with Moderate Cost	Physicians/ Hospitals that fail Quality Threshold with Low or Moderate Cost		<u>Hospitals</u> that fail Quality Threshold with Low or Moderate Cost
	All providers with insufficient data for evaluation.			
Tier 3	Physicians/Hospitals with High Cost, Regardless of Quality		Physicians/ Hospitals who fail Quality Threshold, regardless of Cost	<u>Physicians</u> who fail Quality Threshold, regardless of Cost

# Tier Development - Basis for Evaluation

- Providers are evaluated on cost and quality. HPHC, Tufts Health Plan and BCBS use similar approaches with differences in details
  - Physicians are generally evaluated as part of a group, not individually. All physicians in the same group are assigned to same tier.
  - Hospitals are evaluated individually
  - Tufts Health Plan aims to place hospital and affiliated physicians in the same tier; generally BCBS and HPHC do not
  - Not every provider is evaluated
    - Behavioral Health, Physical Therapy and Optometry, Emergency Room Visits and Hospital stays resulting from ER are all Tier 1, regardless of cost and quality
    - BCBS does not tier specialists; Tufts Health Plan and HPHC do
    - If there is insufficient data available for a provider, they are placed in Tier 2



# Tier Development: Evaluating Quality

- The quality of physicians and hospitals is scored using Nationally Recognized Standards (*e.g.*, HEDIS, Leapfrog, CMS)
- Quality measures include:
  - **Quality of care provided:** *e.g.*, are patients receiving recommended standard of care for specific conditions and for preventive services
  - **Patient safety:** are providers meeting safety standard, *e.g.*, what is the hospital infection rate compared to a benchmark
  - **Patient Experience:** *e.g.*, using responses to standardized patient survey questions (CAHPS) to determine if doctors are responsive to patient needs
- Carriers set a quality threshold using their preferred standard; providers are either above or below the threshold
  - HPHC reported for 2014 that 11 hospitals and 8 providers failed the quality standards will be in Tier 2
  - BCBS reported for 2014 that 1 hospital failed the quality standard
  - THP reported for 2014 that 2 hospitals failed the quality standard and will be in Tier 3

# Tier Development - Evaluating Costs

- Cost scores are calculated based on:
  - Total Medical Claims Expense (at contracted rates) per member per month
  - Claims are adjusted by:
    - Health risk of population
    - Pediatric vs. adult
    - In-patient and outpatient hospital costs
    - Large claims
    - Geographic location
- The carriers compare relative cost scores among providers to determine low, moderate or high costs

# Current Utilization by Tier – PCP

**This chart illustrates the current distribution of physician primary care groups by tier using the City's actual utilization for FY 2013 versus HPHC ChoiceNet 2014 tiering of providers.**

*This is an example based on the City's current plans and utilization and the HPHC network. Tiered Network results will vary by insurer and, as such, the suitability of a tiered network will vary by insurer.*

Primary Care Group	Tier	Members	Total Members in Tier
Harvard Vanguard Medical Associates, Chestnut Hill	Tier 1	7.5%	54.3%
Harvard Vanguard Medical Associates, Kenmore	Tier 1	7.0%	
Boston Medical Center Management Services	Tier 1	6.4%	
Pediatric Physician's Organization at Children's	Tier 1	6.4%	
Harvard Vanguard Medical Associates, Braintree	Tier 1	4.4%	
Dedham Medical Associates	Tier 1	2.8%	
New England Quality Care Alliance	Tier 1	2.7%	
Harvard Vanguard Medical Associates, Copley	Tier 1	1.9%	
Other Tier 1 Providers	Tier 1	15.2%	
Beth Israel Deaconess Physician Organization, LLC	Tier 2	8.4%	22.1%
The Physicians of Tufts-New England Medical Center, Inc.	Tier 2	2.7%	
Other Tier 2 Providers	Tier 2	11.0%	
Brigham And Women's PHO Prime	Tier 3	6.6%	23.5%
Massachusetts General Hospital Physicians Organization	Tier 3	6.0%	
Steward Greater Boston West Local Chapter	Tier 3	5.1%	
South Shore PHO	Tier 3	2.3%	
Other Tier 3 Providers	Tier 3	3.5%	

**Chart includes primary care groups of the primary care physicians for the City's members from July 1, 2012 to June 30, 2013.**

# PCP Tier by Health Plan

This chart illustrates the tier assigned to primary care physician groups by Harvard Pilgrim Health Plan, Blue Cross Blue Shield of Massachusetts, and Tufts Health Plan.

Primary Care Group	HPHC	BCBS*	Tufts
Boston Medical Center Management Services	Tier 1	Tier 1	Tier 1
New England Quality Care Alliance	Tier 1	Tier 2	Tier 1
Beth Israel Deaconess Physician Organization, LLC	Tier 2	Tier 1	Tier 1
Pediatric Physician's Organization at Children's	Tier 1	Tier 1	Tier 3
Harvard Vanguard Medical Associates, Chestnut Hill	Tier 1	Tier 3	Tier 1
Harvard Vanguard Medical Associates, Kenmore	Tier 1	Tier 3	Tier 1
Harvard Vanguard Medical Associates, Braintree	Tier 1	Tier 3	Tier 1
Harvard Vanguard Medical Associates, Copley	Tier 1	Tier 3	Tier 1
Dedham Medical Associates	Tier 1	Tier 3	Tier 1
The Physicians of Tufts-New England Medical Center, Inc.	Tier 2	Tier 2	Tier 1
Steward Greater Boston West Local Chapter	Tier 3	Tier 2	Tier 1
South Shore PHO	Tier 3	Tier 2	Tier 1
Brigham And Women's PHO Prime	Tier 3	Tier 3	Tier 3
Massachusetts General Hospital Physicians Organization	Tier 3	Tier 3	Tier 3
* BCBS tiers vary by site. Tier listing represents the majority of sites			

# Current Utilization by Tier – Hospital

**This chart illustrates the current distribution of hospitals by tier using City's actual utilization for FY 2013 versus HPHC ChoiceNet 2014 tiering of providers.**

*This is an example based on the City's current plans and utilization and the HPHC network. Tiered Network results will vary by insurer and, as such, the suitability of a tiered network will vary by insurer.*

Name of Hospital	Tier	% of admissions*	Total Admissions in Tier*
Beth Israel Deaconess Hosp/Milton	Tier 1	3.1%	18.7%
Mass Eye and Ear Infirmary	Tier 1	0.3%	
Other Tier 1 Hospitals	Tier 1	15.3%	
Beth Israel Deaconess Medical Center	Tier 2	12.1%	42.6%
Tufts Medical Center	Tier 2	5.3%	
Newton-Wellesley Hospital	Tier 2	4.2%	
Boston Medical Center	Tier 2	4.2%	
Brigham and Women's/Faulkner	Tier 2	3.1%	
Steward St Elizabeth's	Tier 2	3.1%	
Dana-Farber Cancer Institute	Tier 2	0.2%	
Other Tier 2 Hospitals	Tier 2	10.5%	
Brigham and Women's Hospital	Tier 3	19.3%	38.7%
Mass General Hospital	Tier 3	7.3%	
South Shore Hospital	Tier 3	5.5%	
Children's Hospital	Tier 3	4.7%	
Other Tier 3 Hospitals	Tier 3	1.8%	

**\*Tier 1 utilization is understated because admission through ER is always counted as tier 1**

# Hospital Tier by Health Plan

This chart illustrates the tier assigned to hospitals by Harvard Pilgrim Health Plan, Blue Cross Blue Shield of Massachusetts, and Tufts Health Plan.

Hospital	HPHC*	BCBS*	Tufts*
Beth Israel Deaconess Hosp/Milton	Tier 1	Tier 1	Tier 1
Mass Eye and Ear Infirmary	Tier 1	Tier 1	Tier 1
Beth Israel Deaconess Medical Center	Tier 2	Tier 1	Tier 1
Tufts Medical Center	Tier 2	Tier 1	Tier 1
Boston Medical Center	Tier 2	Tier 1	Tier 1
Steward St Elizabeth's	Tier 2	Tier 1	Tier 1
Newton-Wellesley Hospital	Tier 2	Tier 1	Tier 3
Brigham and Women's/Faulkner	Tier 2	Tier 1	Tier 3
Dana-Farber Cancer Institute	Tier 2	Tier 3	Tier 2
South Shore Hospital	Tier 3	Tier 3	Tier 1
Brigham and Women's Hospital	Tier 3	Tier 3	Tier 3
Mass General Hospital	Tier 3	Tier 3	Tier 3
Children's Hospital	Tier 3	Tier 3	Tier 3

\*Admission through ER is always counted as tier 1